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Overview of economic and social conditions in Africa, 2012-2013

Summary

Africa achieved a robust 5.0 per cent growth rate in 2012, well above the world average, despite the global slowdown, heightened tension and uncertainty. Recovery in many countries was underpinned by a variety of factors, including high commodity demand in the international market, rising domestic demand associated with rising incomes and urbanization, increasing public spending especially on infrastructure projects, increasing trade and investment with emerging and developing economies, and increased foreign investment in extractive industries and in some post-conflict countries.

Africa's medium-term growth prospects also remain positive despite considerable downside risks, including political instability and social unrest in some countries, and most significantly, the expected weak global economic performance and high uncertainty.

Globally, the world economy showed signs of deceleration, threatening the pace of the recovery that started in the aftermath of the 2008-2009 global financial and economic crisis. The euro area, Africa's most important economic partner, headed for another recession with lingering concerns about mounting sovereign debts and fiscal sustainability, while emerging economies such as China and India witnessed a notable slowdown in economic activity. The prospects of an early exit from the economic turmoil is clouded by uncertainty, as the combination of the euro area debt crisis, fiscal consolidation in major world regions and speculation on the debt ceiling in the United States of America continue to intensify downside risks to an already fragile global economy.

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Despite notable diversification into non-primary commodity sectors such as manufacturing and services, most African economies remain heavily dependent on primary commodity production and exports, with limited value addition and forward and backward links to other sectors of the economy. Owing to this structural weakness, most African countries have not been able to transform growth into commensurate job creation and faster social development. Indeed, the pattern of social development trends in Africa has been mixed in recent years: positive changes continue to be recorded in most areas, but the pace of progress is slow and not sufficient to enable African countries to achieve their social development goals. In particular, the achievement of most of the Millennium Development Goals by the initial 2015 target date remains unlikely for most countries.

Policies and measures that structurally transform Africa's economies from primary commodity and mineral resource dependence to commodity-based manufacturing will be instrumental in promoting a more inclusive growth process that transforms rural subsistence communities into vibrant hubs of agribusiness, promotes value chains, creates employment opportunities for the bulk of the population and generates the revenue needed to scale up and sustain investment in the social sectors.

I. Developments in the world economy and implications for Africa

1. The world economy grew by 2.2 per cent in 2012, a further slowdown from 2.7 per cent in 2011, mainly owing to a decline in global demand, the euro area sovereign debt crisis and uncertainty about the fiscal cliff (a decline in the budget deficit owing to expiring tax cuts and simultaneous spending cuts) and the debt ceiling in the United States of America. However, despite the downside, global recovery from the triple crisis (food, fuel and finance) is expected to strengthen over the medium term.

2. Economic activity in the European Union contracted by 0.3 per cent in 2012 from 1.5 per cent in 2011 (Department of Economic and Social Affairs of the Secretariat, 2012). However, the United States economy grew by 2.1 per cent in 2012 as a result of improved private consumption and investment and a better credit environment, and Japan rebounded as a result of increased expenditure on construction.

3. Economic growth decelerated in emerging economies owing to weak export demand and reduced investment growth, especially in China and India. Western Asia's economic growth rate fell to 3.3 per cent in 2012, down from 6.7 per cent in 2011, as a result of sluggish external demand and public spending cuts. Economic growth in the Latin America and Caribbean region rose by 3.1 per cent in 2012, down from 4.3 per cent in 2011, as export demand sharply decreased and commodity prices for non-food exports declined (Department of Economic and Social Affairs, 2012). Trade ties with the United States, tourism activities and remittance flows will be among the major determinants of growth in the region in 2013 (International Monetary Fund, 2012).

4. The global unemployment crisis persisted in 2012 despite efforts by Governments to create jobs and stimulate economic growth. The world unemployment rate stood at 6 per cent in 2011, while unemployment rates soared to over 8 per cent in developed economies and the European Union, reaching double digits in countries such as Greece and Spain as austerity measures continued to take effect.

5. The world inflation rate declined from 3.6 per cent in 2011 to 2.8 per cent in 2012 and is expected to decline steadily to 2.6 per cent in 2013, mainly owing to sluggish aggregate demand, quantitative easing in the United States, low interest rates and accommodative monetary policy stances in most countries. The combination of a weakened economic environment and falling inflation rates will enable Governments to relax their monetary policies when necessary and open the gates to further monetary easing in the United States and the euro area, continuously supporting the repair of private sectors and banks' balance sheets.

6. The all commodity price index rose in the first quarter of 2012, reaching a high for the year of 202 in March 2012 as demand from developing countries grew. The world crude oil price remained high at $109.90 in 2012, compared with $107.50 in 2011. The food price index surged after July as severe weather hit crops, especially in the United States. Prices of sugar, cereals and rice rose most sharply, while meat and dairy prices remained fairly flat. The index for agricultural raw materials and products such as coffee, rubber, cotton and beverages also declined in 2012.

7. Most global commodity prices are expected to remain high in 2013, despite global economic growth below potential, owing to limited supply and weather risks stemming from global climate change.

8. World exports grew by only 5.0 per cent by value in 2012, much less than the previous year's 17.3 per cent, as import demand from major developed countries sharply contracted. Current account balances for major economies and regions narrowed slightly in 2012, reflecting a decline in international trade and decelerating global demand rather than any improvement in structural imbalances (Department of Economic and Social Affairs, 2012).

9. With the global economy forecast to grow at a rate of 2.4 per cent in 2013 and 3.2 per cent in 2014, the worst of the sovereign debt crisis may be over, and most developed and emerging countries are expected to return to their positive growth trajectories in the medium term.

10. The most significant downside risks facing the world economic outlook in the medium term stem from difficulties in the euro area, uncertainty over tax reforms, spending cuts, the debt ceiling and high household indebtedness in the United States, fiscal consolidation in most industrialized countries, economic slowdown in emerging countries, and political instability, especially in the Middle East. Policies to rectify global imbalances and ensure sound fiscal and monetary health in the global financial infrastructure remain crucial to restoring global health.

11. Looking forward, the fragile world economy and the persistent high unemployment around the world are likely to have a negative impact on Africa's growth performance in terms of both export demand and financial flows into the continent.

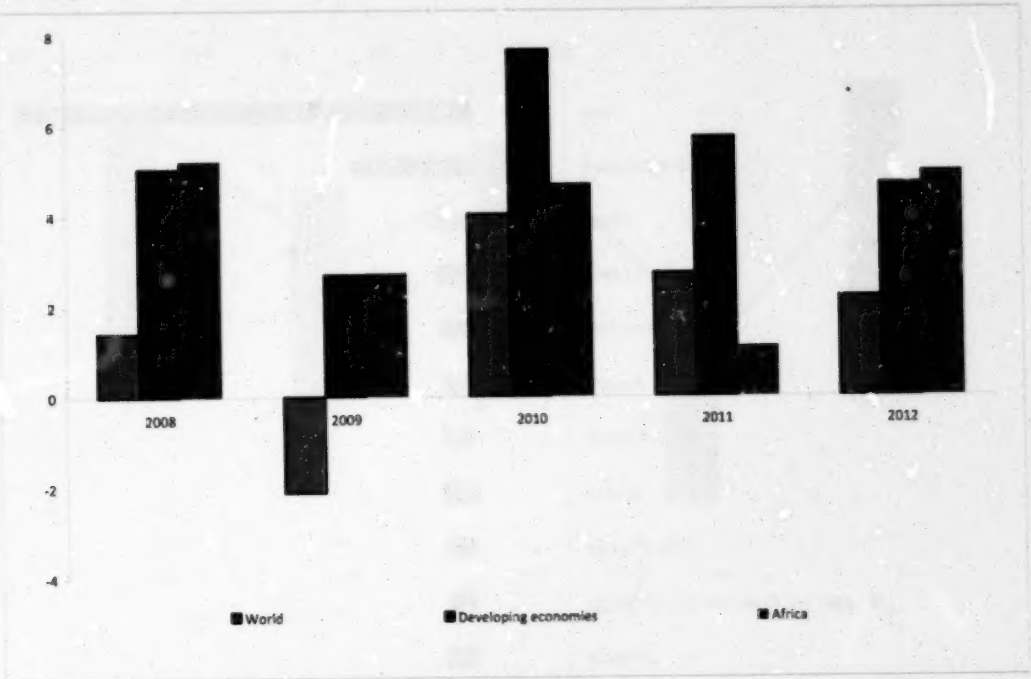
II. Economic performance in Africa in 2012

Growth recovery strengthened as political tension eased in North Africa

12. Economic recovery in Africa strengthened, reaching 5.0 per cent in 2012[1] (see figure I below), as the political turmoil and tensions in North Africa began to ease, normal economic activity gradually returned, and democratic elections were held and new leaders inaugurated in countries such as Egypt and Libya.

[1] Libya saw a strong rebound with 100.7 per cent growth in 2012 after its economy contracted by 61 per cent in 2011 owing to the civil war. Africa's growth without Libya was 3.3 per cent in 2012. It is forecast to increase to 4.5 per cent in 2013 and 4.9 per cent in 2014.

Figure I
Economic growth performance in Africa, 2008-2012 (real GDP growth rate)
(Percentage)



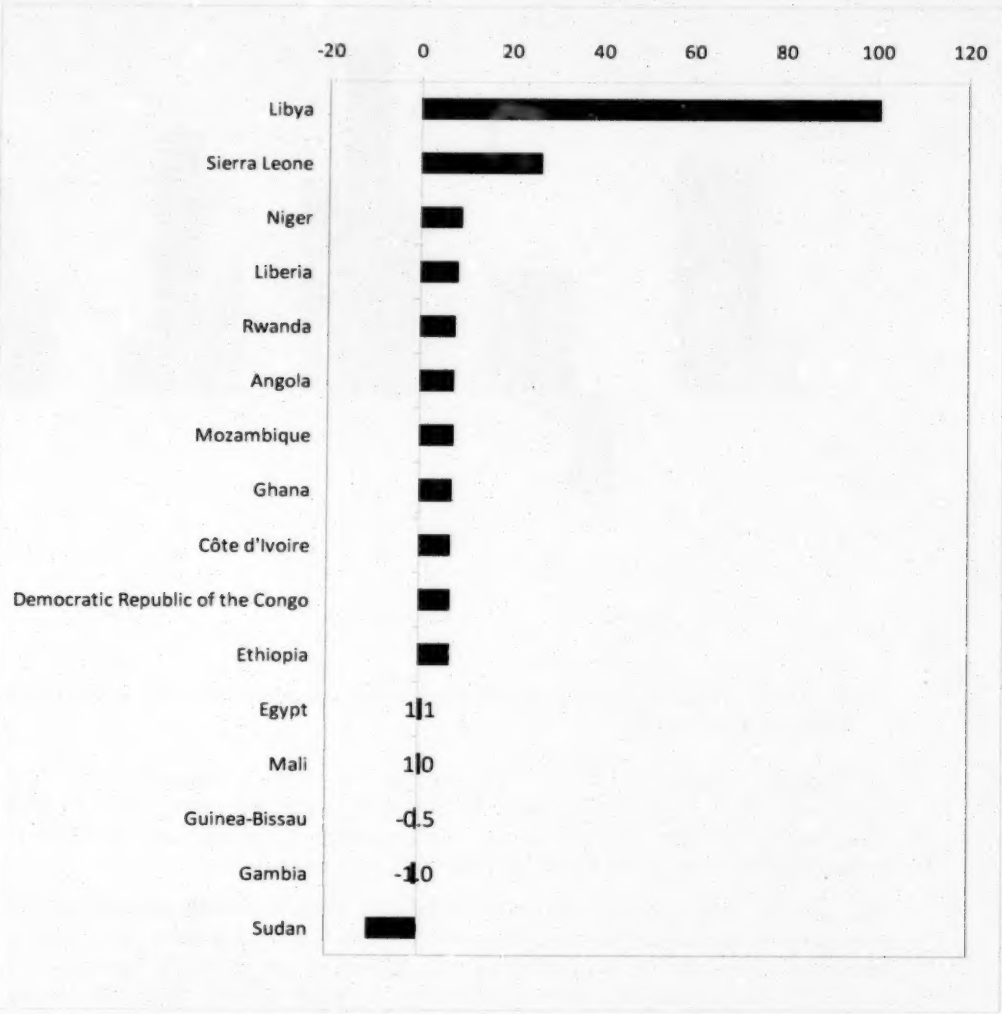
Source: Economic Commission for Africa calculations, based on information from the Department of Economic and Social Affairs (2012).

13. Growth rates in 2012 were strong in both commodity-rich and non-commodity-rich countries, with oil-exporting countries seeing their growth rates rise significantly owing to increased oil production and high prices. Figure II below provides a list of the top 11 and bottom 5 performers in Africa.

14. Growth across Africa continued to benefit from improved macroeconomic management and prudential macroeconomic policies that underpinned strong public spending, especially on infrastructure and the provision of public services. In addition, rising domestic consumption and investment demand, fuelled by rising income and urbanization rates, accounted for more than 50 per cent of growth in many African countries in 2012.

15. Disaggregated, private consumption was the key growth driver in Africa in 2012, followed by gross fixed investment and government consumption. Gross fixed investment and exports recovered strongly in North Africa in 2012, but the contribution of gross fixed investment to real growth in gross domestic product (GDP) declined in the rest of Africa as the external balance narrowed.

Figure II
Top 11 and bottom 5 performers in Africa in 2012
(Percentage annual growth)

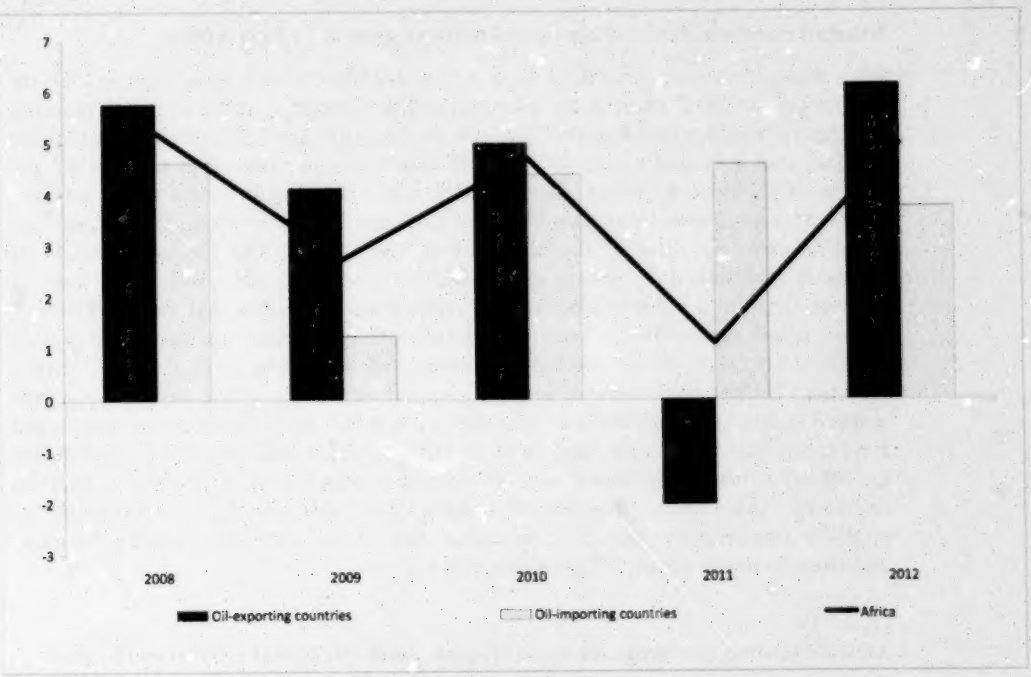


Source: Economic Commission for Africa calculations, based on information from the Department of Economic and Social Affairs (2012).

Uneven growth performance across country groups and subregions

16. Real GDP growth rates varied across countries and country groupings within Africa but remained relatively strong in both oil-exporting and oil-importing countries (see figure III below). Oil-exporting countries as a group recovered strongly in 2012 (6.1 per cent) as the political situation in some countries improved (especially in North Africa), oil production increased (in many countries) and oil prices remained high on international markets.

Figure III
Africa's growth performance by country group, 2008-2012 (real GDP growth rate)
(Percentage)



Source: Economic Commission for Africa calculations, based on information from the Department of Economic and Social Affairs (2012).

17. Oil-importing countries experienced a decline in growth to 3.7 per cent in 2012 from 4.5 per cent in 2011. Despite the reduction, the group maintained robust growth owing to a variety of factors, including strong demand and high prices for non-oil commodities and improved performance in agriculture, services and other sectors. Strong non-oil-based growth added to the growing momentum of economic diversification in African countries. Countries such as Kenya experienced a strong recovery owing to the end of the drought, and post-conflict recovery in other countries contributed to the impressive growth rates experienced in this group.

18. While growth rates varied, they remained robust across all African subregions (see figure IV below).

Oil and minerals propelled strong growth in West Africa

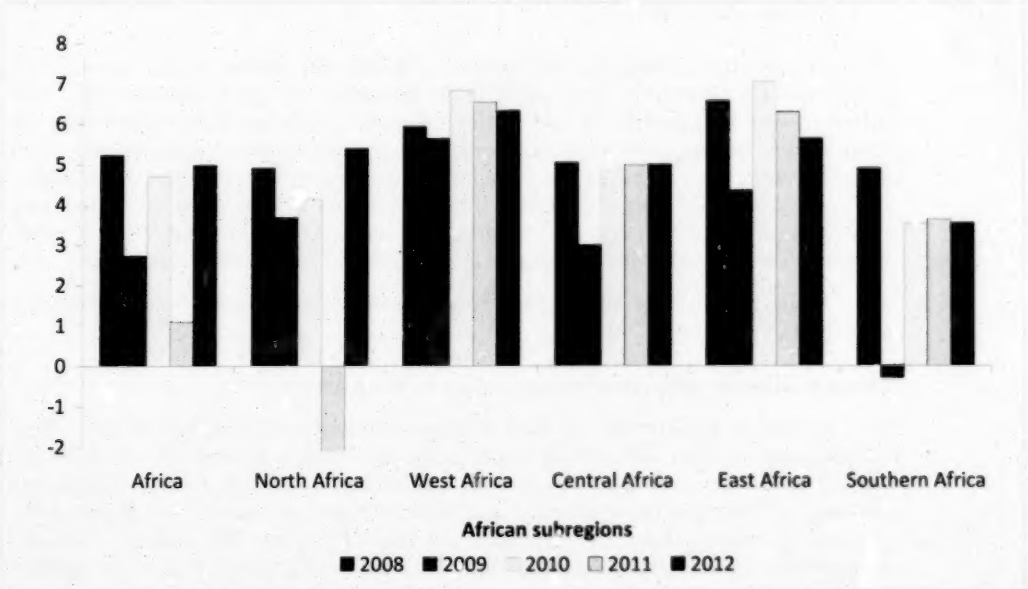
19. Economic performance in West Africa moderated to 6.3 per cent in 2012 from 6.5 per cent in 2011. Growth in Nigeria, the continent's second-largest economy, slowed to 6.4 per cent from 7.4 per cent, reflecting a reduced fiscal stimulus and slowing oil investment resulting from security concerns across the Niger delta. Ghana's economy, after a sharp increase in 2011 when the country launched commercial oil production, slowed from 15.1 per cent in 2011 to a more realistic 7.4 per cent in 2012. Political instability in Guinea-Bissau and Mali affected subregional growth and both countries saw growth decline by more than 4.4 percentage points, but this was balanced by growth of 26.5 per cent in Sierra

Leone stemming from the discovery of new oil deposits. Côte d'Ivoire posted post-conflict growth of 7 per cent with a return to normal harvests. A rising rate of growth in the oil industry supported 9.1 per cent expansion in the Niger.

Vibrant domestic demand continued to drive growth in East Africa

20. While economic growth in East Africa declined from 6.1 per cent in 2011 to 5.7 per cent in 2012, most of the countries of the subregion performed well, marking a recovery in agricultural production, vibrant domestic demand and expansion of the services sector. Kenya's economic growth rose to 4.8 per cent in 2012 from 4.4 per cent in 2011, aided by robust domestic demand, strong performance in the services sector, increased government expenditure and sound monetary policies that brought inflation down in most of the countries in East Africa. The United Republic of Tanzania maintained its strong growth performance (6.8 per cent) as a result of prudent fiscal and monetary policies, increased tax collection and the reduction of non-recurrent expenditure. Despite deceleration in some countries, economic growth remained strong in others, including Eritrea (6.5 per cent), Ethiopia (7 per cent), Rwanda (7.9 per cent) and Seychelles (3.6 per cent). Economic performance was marked by high inflation rates in countries such as Ethiopia, fiscal consolidation and aid dependence in Rwanda, and food security concerns and stagnant private-sector growth in Eritrea. Seychelles saw its economy affected by a decline in tourism caused by the European financial crisis. Altogether, rural poverty, income inequality, youth unemployment and uncertainty in the global outlook continue to raise questions as to the quality of growth in this region.

Figure IV
Africa's growth performance by subregion, 2008-2012 (real GDP growth rate)
(Percentage)



Source: Economic Commission for Africa calculations, based on information from the Department of Economic and Social Affairs (2012).

Oil price increases continued to provide trade gains to the region

21. The growth performance of Central African countries remained at 5.0 per cent in 2012, as in 2011. Nonetheless, Chad doubled its growth rate in 2012, to 6.2 per cent, as non-oil sectors and energy-related industries expanded, oil prices rose and government expenditure stabilized. Growth also accelerated in Cameroon (to 4.5 per cent, reflecting increased oil and gas production) and the Central African Republic (to 3.8 per cent, owing to better harvests and exports). Equatorial Guinea saw a decrease, to 6.3 per cent. Strikes and interruptions in oil production took Gabon's growth down to 4.7 per cent from 5.8 per cent in 2011, and the country continues to face high unemployment and poor human development. This subregion still relies heavily on the output of primary commodities and extractive industries, making inclusive growth and job creation a major challenge.

Flat growth recorded in Southern Africa

22. Overall, Southern Africa's output remained the same for the third consecutive year, at 3.5 per cent. South Africa's close integration with the world economy translated into a notable slowdown in growth from 3.1 per cent in 2011 to 2.5 per cent in 2012, further exacerbated by recent mining strikes. Several other countries saw their growth rates moderate in 2012. Although still strong, growth rates in Botswana, Lesotho, Namibia and Zambia declined by over 0.8 per cent of GDP because of lower government revenue from the mining sector and weak global demand for copper, diamonds and gold. Namibia's pegging of its dollar to the South African rand exposed it to contagion effects emanating from South Africa. Angola registered the most robust rise in growth in the subregion, from 3.6 per cent in 2011 to 7.5 per cent in 2012, owing to increased oil production and investment in its natural gas projects. Having become an exporter of coal in 2011, Mozambique also showed a remarkable upward trend in 2012 (7.5 per cent), with increasing foreign direct investment contributing to higher output. Mauritius maintained a moderate growth rate (3.1 per cent), with key drivers of growth including diversification into banking and manufacturing. Swaziland, one of the poorest-performing economies in the subregion in the recent past, recovered from the contraction in 2011, registering 1.7 per cent growth in 2012, mainly owing to increased public spending supported by increased payments from the Southern African Customs Union. This subregion still benefits from stabilization in the international environment, but high levels of unemployment and inequalities remain a downside risk.

Political uncertainties still a threat to recovery in North Africa

23. North Africa recovered almost fully from the 2011 contraction that stemmed from political and social unrest in countries such as Egypt, Libya and Tunisia, growing at 5.4 per cent in 2012. While the subregion showed resilience in the face of the global financial crisis, its recovery is plagued by the continued political uncertainty and economic slowdown in its key economic partners in the euro zone. This was particularly the case for Egypt, where growth further weakened to 1.1 per cent in 2012, down from 1.8 per cent in 2011, as a result of uncertainty associated with the parliamentary and presidential process and political tensions over the country's new constitution. Morocco's GDP growth rate decelerated from 4.1 per cent in 2011 to 2.8 per cent in 2012, also largely because of the economic slowdown in Europe and poor performance in agriculture. In Libya, the economy bounced up 100.7 per cent as reconstruction investment stimulated the economy, and oil production

increased from 500,000 barrels per day at the end of 2011 to 1.42 million barrels per day in July 2012 (World Bank, 2012). Tunisia's economy bounced back from a 1.7 per cent contraction in 2011 and expanded by 2.6 per cent in 2012, largely owing to a recovery in tourism, exports and foreign direct investment flows. Despite the partial shutdown of a key refinery, Algeria sustained its high level of oil production and its expansionary fiscal policy, recording a growth rate of 2.8 per cent in 2012. In the Sudan, however, the economy contracted steeply by 11 per cent in 2012 because of the political environment, the civil war, a sharp fall in oil production, exchange rate depreciation and escalating inflation. Mauritania's growth rate declined 4.8 per cent in 2012, from 5.1 per cent in 2011, but remained robust owing to investment in mining and strong public spending. High levels of youth unemployment continue to remain a challenge in the subregion.

Inflationary pressure waned in most countries in 2012

24. The average inflation rate for Africa, measured by the consumer price index, was 9.2 per cent in 2012, slightly lower than the 9.3 per cent of the previous year. Key factors include exchange rate devaluations, rising energy costs, unfavourable weather and poor harvests. However, inflation varied considerably across African countries and subregions. For example, the rate was 40 per cent in the Sudan, 18.2 per cent in Malawi, 15.0 per cent in Guinea and 10.5 per cent in Angola. Despite the tightening of monetary policy, East Africa posted the highest inflation rate (14.2 per cent) because of the tailing effects of the severe 2012 drought on agricultural production and uncertain weather predictions for 2013. Ethiopia had the highest inflation rate in the subregion (25 per cent), followed by the United Republic of Tanzania (15.5 per cent), Burundi (15 per cent) and Uganda (14 per cent). In Central and West Africa, however, inflation rates were mostly in the single digits, with the exception of Sierra Leone (12.6 per cent) and Nigeria (12.5 per cent).

Macroeconomic policy stance remained cautious

25. Owing to the adverse global economic environment and very limited macroeconomic space compared with the pre-crisis era, many African countries implemented cautious macroeconomic policies in 2012. For example, in response to the inflation challenge, monetary policy was tightened in Ethiopia, Kenya, Nigeria, Uganda and the United Republic of Tanzania in 2012, but eased in franc zone countries, where average inflation, at 3.9 per cent in 2012, was the lowest in Africa.

26. The pressure on central banks to tighten monetary policy waned as non-oil commodity prices began to fall in some countries with improved rainfall and increased agricultural production. The South African Reserve Bank and the Bank of Morocco reduced interest rates to boost domestic demand and growth (Economist Intelligence Unit, 2012).

27. Overall, African countries continued to apply an expansionary fiscal policy, supported by rising commodity revenue and improved tax collection and administration, with a strong focus on increasing public spending on infrastructure. The fiscal balance improved considerably for oil-exporting African countries as a group, as oil production recovered with the eased political situation, and despite rising public expenditure on social security. However, fiscal balances worsened for oil-importing African countries, as energy prices rose in the world market,

infrastructure investment demands increased and official development assistance declined or stagnated as a result of weakened growth in developed economies.

28. Many Governments continue to maintain accommodative fiscal policies owing to the significant requirement for public investment in infrastructure and employment creation. Recent discoveries of minerals in several African countries are expected to further expand the fiscal space as well as public spending in countries such as Ghana, Kenya, Mauritania and Uganda.

External positions continued to diverge between oil-exporting and oil-importing economies

29. Africa's overall current deficit widened from 1.2 per cent of GDP in 2011 to 1.6 per cent in 2012, owing to sluggish external demand for exports. However, current account balances varied across country groups and individual countries. The current account surpluses of oil-exporting African countries remained at 2.2 per cent, similar to 2011. Oil-importing countries, on the other hand, experienced expanding deficits (to 7.5 per cent) as oil prices in the world market rose. Additionally, for many oil-importing African countries, the combination of rising and relatively inelastic import bills and declining export growth rates translated into a higher current account deficit.

III. Trends in social development in Africa in 2012

30. Positive changes continue to be recorded in most of the areas but the pace of progress is slow and not commensurate with the strides made on the economic growth front. Achievement of most of the Millennium Development Goals by the 2015 target date also remains unlikely.

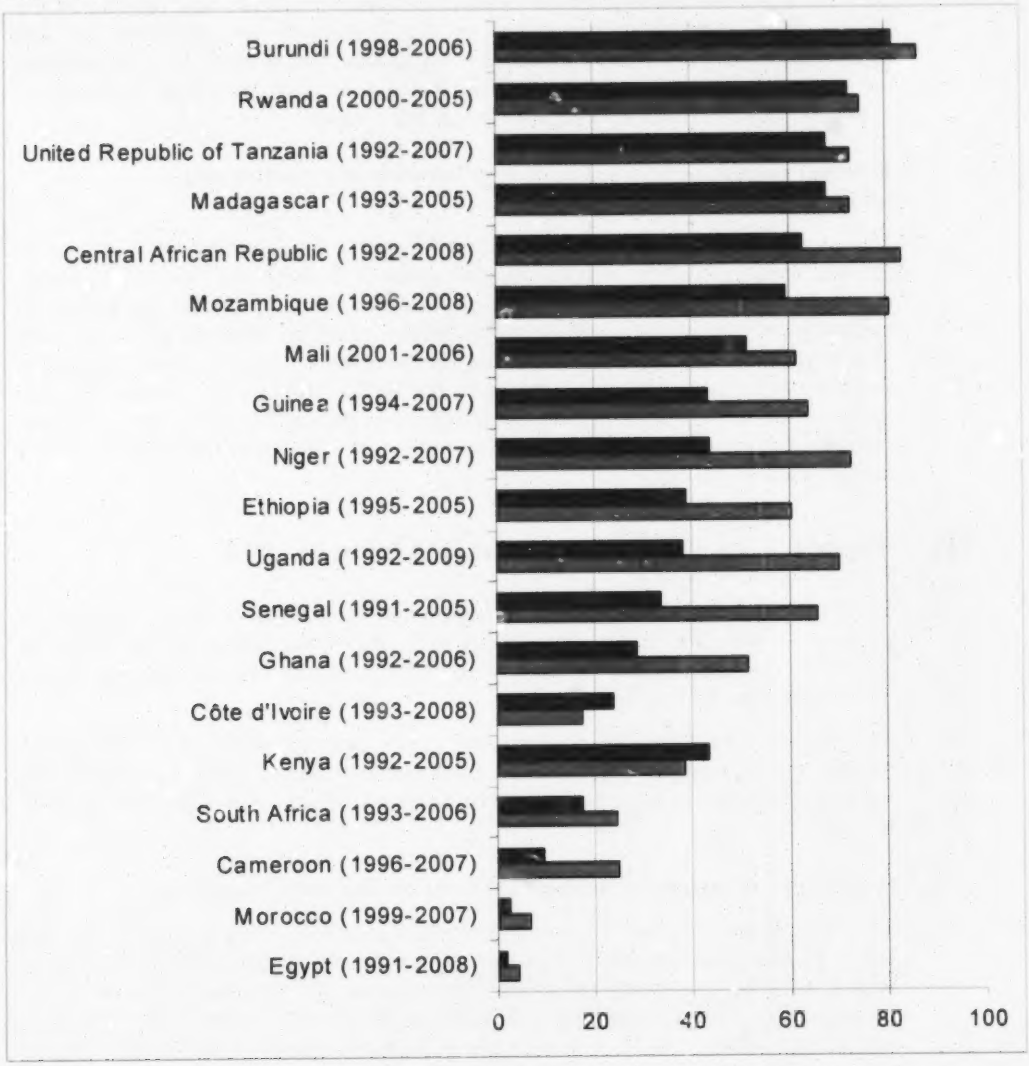
31. Recent data show a slight improvement in poverty reduction in Africa even though the region will not be able to achieve the related Goals. Available data indicate a decline in poverty for certain selected African countries (see figure V below).

High degree of inequality weakened the impact of growth on poverty

32. The responsiveness of poverty to economic growth is weakened by the high levels of economic inequality in Africa. Higher levels of inequality are associated with lower rates of poverty reduction.[2] Furthermore, the restricted range of drivers of growth in Africa exacerbates inequalities (Economic Commission for Africa (ECA) and others, 2012). For example, Africa has some of the world's highest urban-rural health gaps, where women in urban areas are almost twice as likely as those in rural areas to give birth with the help of a skilled health attendant (ECA and others, 2012).

[2] See Martin Ravallion, "Growth Inequality, and Poverty: Looking beyond Averages", Policy Research Working Paper No. 2558 (Washington, D.C., World Bank, 2001) and Augustin Kwasi Fosu, *Growth, inequality, and poverty reduction in developing countries: recent global evidence*, available from www.unu.edu/publications/working-papers/2011/en_GB/wp2011-001/.

Figure V
Proportion of people living below the $1.25 poverty line (ranging from 1991 to 2009)
(Percentage)



Source: World Bank (2012).

Encouraging but insufficient progress in the fight against hunger

33. With the exception of North Africa, the global hunger index score in Africa, while still low, improved by 18 per cent between 1990 and 2011, compared with drops of 25 per cent in South-East Asia and 39 per cent in North Africa during the same period. The regional aggregate masks some notable disparities since, in some countries, the index worsened, while others recorded substantive improvements. Hunger remains connected to poverty, as lower economic opportunities in rural areas continue to preclude sufficient progress in reducing hunger.

34. Overall, the proportion of people who are malnourished has stabilized at 16 per cent of the population, and the slow but sure progress in poverty reduction is not being matched by advances in nutritional levels. The rise in food prices, which have remained above pre-crisis levels, has partly contributed to this state of affairs (Food and Agriculture Organization of the United Nations, 2010; United Nations, 2011). This has an effect on income and other poverty correlates. Price hikes and volatility make both smallholder farmers and poor consumers increasingly vulnerable to poverty. This is because food accounts for a large share of farmers' income and the budget of poor consumers; large price changes have large effects on real incomes. Thus, even short episodes of high prices for consumers or low prices for farmers can cause productive assets, for example, land and livestock, to be sold at low prices, leading to potential poverty traps. In addition, smallholder farmers are less likely to invest in measures to raise productivity when price changes are unpredictable. Price hikes can lead to a deferral of educational and health spending at the household level, resulting in an overall drop in welfare and long-term development.

Poor quality of education: a major drawback

35. The continent continues to make sustained progress towards ensuring that all children are able to complete a full course of primary schooling. Aggregate net primary school enrolment for Africa rose from 64 per cent in 2000 to 84 per cent in 2009. While most countries are making notable progress, there are still 18 countries that are more than 10 percentage points away from achieving universal primary enrolment by 2015.

36. The quality of education, as reflected in completion rates and access to educational facilities, including textbooks, has deteriorated with rising enrolments. Primary completion rates in Africa are still low: only six countries recorded rates of 90 per cent or above in 2009. Furthermore, many African countries have very high dropout rates. Lastly, whereas African countries have made substantial progress in primary enrolment and completion ratios, most are making slow progress in increasing secondary and tertiary enrolment. It is essential for African Governments to prioritize vocational and technical training that reflects the employment needs of the country.

African countries continued to make the least progress on health indicators

37. Of the 26 countries worldwide with under-5 mortality rates above 100 deaths per 1,000 live births, 24 are in Africa. However, Africa has doubled its average rate of reduction in child mortality from 1.2 per cent a year between 1990 and 2000 to 2.4 per cent between 2000 and 2010. In order to accelerate progress in child health, African countries should expand interventions that target the main causes of child mortality and intensify efforts to reduce neonatal mortality. The decline in neonatal mortality — deaths that occur during the first 28 days of life — is much slower than among older children. This may be owing to a lack of highly cost-effective interventions, such as early postnatal home visits, and can be addressed by effectively linking neonatal and maternal health.

38. Maternal health is still a grave concern for most of Africa. The most recent data published by the World Health Organization (WHO) show limited declines in Africa's maternal mortality ratio, from 590 deaths per 100,000 live births in 2008 to

578 in 2010, a 2 per cent drop over two years. In fact, Africa's maternal mortality ratio fell by 46 per cent between 1990 and 2010. While some African countries have recorded commendable achievements, progress in improving maternal health conditions remains insufficient in the majority. Of the 40 countries classified as having a high maternal mortality ratio in 2010, 36 are in Africa. The majority of these countries are either experiencing or recovering from conflict, highlighting the vulnerability of conflict and post-conflict countries and the need for sound health infrastructure.

39. Africa's progress in the fight against HIV/AIDS is noteworthy. While Africa, excluding North Africa, remains the region most heavily affected by HIV, the number of new HIV infections has dropped by more than 21 per cent, down to 1.9 million people newly infected in 2010, from an estimated 2.6 million at the peak of the epidemic in 1997. The number of people dying from AIDS-related causes fell to 1.9 million in 2010 down from a peak of 2.2 million in the mid-1990s. This means that prevention efforts have greatly improved, as has treatment for people living with HIV/AIDS.

40. That said, Africa still holds an unbalanced burden of the global population living with HIV/AIDS; women in Africa are particularly affected, as 60 per cent of Africa's HIV-positive population are women. Although Africa is home to only 12 per cent of the global population, the continent accounted for about 68 per cent of all people living with HIV and 70 per cent of new HIV infections in 2010. To accelerate efforts, African countries must continue to focus on prevention, especially among women and young people, and invest adequate resources in treatment for people living with HIV/AIDS.

41. The fight against malaria in Africa is seeing major advances. Increases in funding and attention to malaria control have led to a 33 per cent fall in malaria mortality since 2000, much higher than the global rate of 25 per cent. Yet, while malaria is preventable and curable, most of the 200 million cases and 650,000 deaths worldwide that occurred in 2010 were in Africa. Control strategies, such as spraying and proper use of insecticide-treated mosquito nets, and funding are crucial to continue the fight against malaria. In 2010, 27 countries in Africa adopted the WHO recommendation to provide such nets for all people at risk of malaria, especially children and pregnant women. The number of people protected by insecticide-treated mosquito nets in Africa increased from 10 million in 2005 to 78 million in 2010. Continuing to focus efforts on prevention and expanding treatment efforts will have profound social and economic benefits for African countries. Indeed, it is estimated that the cost of malaria is equivalent to about 1.3 per cent of GDP in countries with high disease rates.

42. The incidence and prevalence of tuberculosis and the associated death rates remain high and unchanging in most of Africa. Southern Africa has the highest prevalence rate of tuberculosis, at over 500 per 100,000 people, and this rate has increased since 1990 owing to continued chronic poverty and malnutrition coupled with inadequate medical attention, especially in conflict-affected and drought-afflicted countries. Undoubtedly, tuberculosis is closely linked to HIV; thus, tackling HIV has a positive impact on tuberculosis infections. However, tuberculosis infection rates depend not only on HIV status, but also on such institutional and socioeconomic factors as crowded living and working conditions and poor sanitation. Tuberculosis rates are also driven by inadequate health-care access as

well as malnutrition, diabetes mellitus, smoking and alcohol and drug abuse. The high and unchanging incidence and prevalence of tuberculosis and the associated death rates in Africa are therefore a reflection of numerous social and economic indicators that must be actively addressed in order to fight tuberculosis. Programmes such as directly observed treatment short course (DOTS), which is the basis of the global Stop Tuberculosis Strategy, have proved successful in ensuring that tuberculosis patients are properly diagnosed and treated. Treatment with properly implemented DOTS has a success rate exceeding 95 per cent and prevents the emergence of further multi-drug-resistant strains of tuberculosis.

Empowerment and increased opportunities for women

43. Progress continues slowly towards the empowerment of women throughout the continent by various means. The enrolment of girls in school is one pathway towards the empowerment of women by building human capital, strengthening capacities and increasing productivity for higher incomes, and African countries are making good strides on that front, with the gender parity index improving at all levels of education. In primary school, the index was higher than 0.9 in more than 40 countries in 2009, meaning 90 girls enrolled for every 100 boys. At the secondary level, improved access for girls to school is coupled with relatively good performance in class, as girls tend to perform better than boys (ECA and others, 2012). In tertiary education, even though the gender parity gap remains high, female enrolment has grown twice as fast as male enrolment in the recent past.

44. Progress is being made, on the economic front as well, and opportunities in job markets are increasing and diversifying. More African women have greater access to wage employment in the non-agricultural sector. In 2009, women constitute nearly a third of non-agricultural workers in Africa, excluding North Africa, while the figure for North Africa stood at only 19 per cent, a decrease from 2008.

45. The empowerment of women is also taking place within the political arena. The representation of women in parliament is improving steadily in most countries. Progress in North Africa has been particularly impressive; in 2011, the proportion of women members of parliament was eight times the level prevailing in 1990. This has resulted partly from favourable policies and positive discriminatory actions such as the adoption of legal frameworks that guarantee seats for women in the political sphere.

46. However, efforts must continue, since some countries are stagnating or even regressing in areas where others are recording a good performance. The achievement of gender parity is constrained by living standards, as the gender parity index tends to be higher among children from rich households than among the poor; dropout rates remain higher for girls; and cultural impediments reduce women's access to labour markets and other social and economic opportunities that are paramount for their empowerment.

Poor-quality growth meant that unemployment rates remained high, especially among young people

47. Strong growth across the continent has not been translated into the broad-based economic and social development needed to lift millions of Africans out of poverty and reduce the high levels of inequality experienced in most countries. On the contrary, the continent continues to suffer from high levels of unemployment,

particularly in the case of young people and women, with limited opportunities to absorb new labour market entrants. While North Africa is recovering from the Arab Spring of 2011, which was largely espoused by youth-led protests, countries such as South Africa are experiencing threats to political and economic stability with the recent conflicts prompted by concern about the quality of jobs in the mining sector.

48. More than 70 per cent of Africans earn their living from vulnerable employment, as African economies continue to depend heavily on the production and export of primary commodities. Investment continues to be concentrated in capital-intensive extractive industries, with limited forward and backward linkages with the rest of the economy. In addition to falling short of the levels required to reduce poverty, Africa's recent growth, driven by primary commodity sectors, is characterized by low employment intensity or the ability to generate jobs and high levels of inequality (ECA and the African Union, 2010).

49. Africa's population is growing fast, and the remarkable growth performance in the past decade has not been inclusive enough and has failed to provide sufficient decent jobs. This was one of the factors contributing to the Arab Spring, hence the urgent need to give particular attention to youth employment.

50. The bulk of young African people are still in school but, overall, decent job opportunities remain scarce for those in the labour market, especially in poor countries. Indeed, only 17 per cent of working youth have full-time wage employment in the low-income countries. The proportion is 39 per cent in the lower middle-income countries and 52 per cent in the upper middle-income countries.

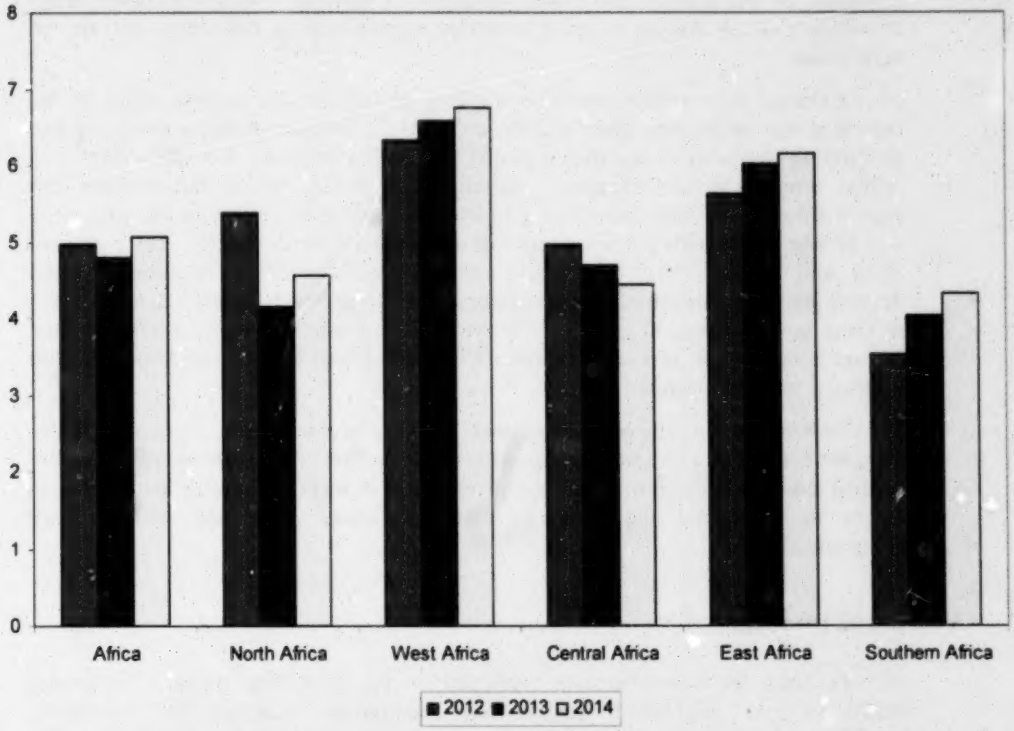
51. Youth employment issues differ, both in terms of quality and quantity, across the continent. Among the low-income countries, quality of employment is the main challenge because of high levels of underemployment, part-time jobs and self-employment; meanwhile, the middle-income countries face a challenge in terms of the quantity of jobs available (African Development Bank and others, 2012). Both challenges have generated a large problematic group of discouraged people who have stopped looking for a job and for opportunities to improve their skills.

IV. Africa's outlook

52. Africa's medium-term growth prospects remain robust, with average GDP growth rates projected at 4.8 per cent for 2013 and 5.1 per cent for 2014 (see figure VI below). In addition to the key growth factors that underpinned Africa's economic performance in 2012, recent discoveries of mineral resources will add to the growth prospects of the continent.

53. Robust domestic demand, especially private consumption and buoyant fixed investment in infrastructure and extractive industries and high government expenditure, remains an important driver of economic growth in Africa. Growth in many African countries is expected to continue to benefit from expansion in agricultural output and increasing diversification into services, especially telecommunications, construction and banking, and manufacturing. However, commodity production and exports will continue to be the key factors underpinning Africa's medium-term growth prospects.

Figure VI
Africa's growth prospects by subregion, 2012-2014
(Percentage)



Source: Economic Commission for Africa calculations, based on information from the Department of Economic and Social Affairs (2012).

54. West Africa and East Africa are still expected to be the fastest-growing subregions, at 6.6 and 6.1 per cent in 2013, respectively, followed by Central Africa, North Africa and Southern Africa. West Africa will continue to benefit from strong performance in the commodity sector, especially oil and minerals, with new discoveries in countries such as Ghana, the Niger and Sierra Leone, as well as the consolidation of peace and stability in countries such as Côte d'Ivoire. Central Africa is forecast to sustain a high, though moderating, growth rate, at 4.7 per cent in 2013 and 4.4 per cent in 2014, with strong commodity production and export demand, but the subregion is likely to be adversely affected by the unfolding civil war in the Central African Republic. Growth in North Africa is also expected to remain strong, at 4.2 per cent in 2013, as the political environment becomes normalized and economic activity picks up.

55. Africa's growth outlook for 2013 is subject to several challenges as well as internal and external downside risks. The challenges stem mainly from weak institutional capacities and huge infrastructure deficits. In addition, high income inequality and high poverty rates are creating political and social tensions in several countries, including South Africa, where labour unrest has been rising. Internal risks also include political uncertainty associated with some planned presidential and

parliamentary elections, domestic policy challenges and changes in the business environment (Department of Economic and Social Affairs, 2012). Armed conflicts threaten the population and economic activity in countries such as the Democratic Republic of the Congo and Mali. Unexpected adverse weather presents more downside risks in Africa, as most countries remain heavily dependent on rain-fed agriculture.

56. External risks relate mainly to slowing global growth, developments in the euro area sovereign debt crisis and the economic slowdown in major emerging and developing countries. A significant global economic slowdown will affect growth in Africa through several channels, including commodity prices and demand and capital flows. Estimates show that a 1 per cent decline in growth in the euro zone will be associated with a 0.5 per cent fall in growth in Africa (African Development Bank and others, 2012). Although an economic slowdown in emerging and developing economies might deepen such effects, expected continued strong growth in these countries would at least help Africa to mitigate the adverse effect of the recession in Europe, in view of Africa's increasing trade and investment ties with emerging partners from the South.

57. Notwithstanding the positive outlook, Africa's overdependence on commodities makes it vulnerable to negative commodity price shocks; African economies therefore require structural transformation and diversified products with value addition as a means of mitigating the volatility and fluctuations associated with primary commodities.

V. Conclusions

58. In 2012, economic growth remained strong in Africa, despite the global slowdown and heightened tension and uncertainty, reflecting the increasing resilience of African economies and sustained high global demand and prices for Africa's commodity exports. Medium-term growth prospects remain robust for the continent, underpinned by the key growth drivers of 2012 and emerging factors such as recent discoveries of natural resources. However, the outlook is subject to several internal and external challenges, including weaknesses in the global economy, political instability and conflicts in several African countries.

59. While fiscal space appears to be limited in some countries, the overall internal and external balances of African countries remain within sustainable levels, reflecting prudent macroeconomic management. Nonetheless, African countries need to continue to pursue countercyclical macroeconomic policies and improve macroeconomic management in order to mitigate the impact of external shocks on growth and social development.

60. African countries must avoid the danger of unequal, non-inclusive growth which, until now, has led to high rural poverty, poor education and health-care services and a lack of employment opportunities for young people. Indeed, despite steady economic growth, progress towards achieving social development goals remains mixed and slow.

61. Policies and measures that structurally transform Africa's economies from primary commodity and mineral resource dependence to commodity-based manufacturing will be instrumental in promoting a more inclusive growth process

that transforms rural subsistence communities into vibrant hubs of agribusiness, promotes value chains, creates employment opportunities for the bulk of the population and generates the revenue needed to scale up and sustain investment in the social sectors.

62. Investment in human development is a prerequisite for a successful structural transformation agenda. Without a healthy and productive labour force, Africa's processed goods will not be competitive in global markets. Hence, policymakers must strengthen health-care and education systems to improve human capital. Health interventions must prioritize primary health care and rural and vulnerable segments of the population. Policymakers must seek to channel a proportion of vertical funding to strengthening health-care systems. A robust health-care system is necessary to sustain and reinforce the targeted interventions of vertical funds. Investment in education should focus on enhancing access and quality as well as the relevance of educational curriculums to the labour force. Providing transport to children in remote areas, investing in teacher training and introducing legislation on early marriage are examples of measures that will improve educational access, reduce dropout rates and enhance the overall quality of education in Africa.